

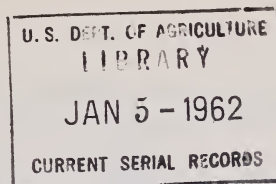
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DECEMBER 1961
FOR RELEASE
DEC. 27, P. M.

DPS-84

THE DEMAND AND PRICE SITUATION

COMMODITY HIGHLIGHTS

GENERAL AGRICULTURAL SITUATION

FACTORS AFFECTING DEMAND FOR FARM PRODUCTS

FOREIGN DEVELOPMENTS

CURRENT COMMODITY SITUATION

Published monthly by
**ECONOMIC RESEARCH
SERVICE**

**U.S. DEPARTMENT OF
AGRICULTURE**

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1960		1961				
		Year	Nov.	Aug.	Sept.	Oct.	Nov.	
Industrial production, seasonally adj. <u>1/</u>	: 1957=100	: 108	: 105	: 113	: 111	: 113	: 114	
Final products	: do.	: 111	: 109	: 115	: 113	: 115	: 117	
Consumer goods	: do.	: 115	: 113	: 120	: 116	: 119	: 121	
Autos	: do.	: 117	: 109	: 110	: 82	: 102	: 117	
Equipment, including defense	: do.	: 103	: 102	: 105	: 106	: 106	: 109	
Materials	: do.	: 106	: 101	: 111	: 109	: 111	: 111	
Construction: <u>2/ 3/</u>	:	:	:	:	:	:	:	
Total outlays	: Mil. dol.	: 55,556	: 56,079	: 57,983	: 58,910	: 58,879	: 59,473	
Public construction	: Mil. dol.	: 15,953	: 16,455	: 16,702	: 17,201	: 17,120	: 17,123	
Private residential	: Mil. dol.	: 22,546	: 22,016	: 23,306	: 23,782	: 23,991	: 24,713	
Housing starts, private only	: Thousands	: 1,252	: 1,220	: 1,326	: 1,383	: 1,432	: 1,350	
Manufacturers' sales and inventories: <u>2/</u>	:	:	:	:	:	:	:	
Total sales, seasonally adjusted	: Mil. dol.	: 30,410	: 29,250	: 31,410	: 31,410	: 31,780		
Durable goods	: Mil. dol.	: 14,680	: 13,810	: 15,050	: 14,980	: 15,340		
Unfilled orders-sales ratio <u>4/</u>	:	: 2.92	: 3.13	: 2.93	: 2.96	: 2.89		
Inventory-sales ratio, total <u>5/</u>	:	: 1.77	: 1.78	: 1.72	: 1.73	: 1.72		
Durable goods	:	: 2.10	: 2.25	: 2.05	: 2.08	: 2.04		
Employment and wages: <u>6/</u>	:	:	:	:	:	:	:	
Total civilian employment	: Millions	: 66.7	: 67.2	: 68.5	: 67.0	: 67.8	: 67.3	
Nonagricultural	: do.	: 61.0	: 61.5	: 62.2	: 61.4	: 61.9	: 62.1	
Unemployment	: do.	: 3.9	: 4.0	: 4.5	: 4.1	: 3.9	: 4.0	
Workweek in manufacturing	: Hours	: 39.7	: 39.3	: 40.2	: 39.8	: 40.4	: 40.6	
Hourly earnings in manufacturing	: Dollars	: 2.26	: 2.27	: 2.31	: 2.33	: 2.34	: 2.36	
Income and spending:	:	:	:	:	:	:	:	
Personal income <u>2/ 3/</u>	: Bil. dol.	: 402.2	: 406.0	: 419.4	: 421.1	: 425.0		
Consumer credit outstanding <u>1/</u>	: Mil. dol.	: 56,049	: 54,626	: 54,889	: 54,869	: 55,051		
Automobile	: Mil. dol.	: 17,666	: 17,967	: 17,350	: 17,179	: 17,186		
Total retail sales, seasonally adj. <u>2/</u>	: Mil. dol.	: 18,294	: 18,398	: 18,181	: 18,141	: 18,622	: 19,270	
Durable goods	: Mil. dol.	: 5,894	: 5,917	: 5,472	: 5,620	: 5,900	: 6,306	
Inventory-sales ratio <u>5/</u>	:	: 1.39	: 1.38	: 1.35	: 1.36	: 1.33		
Prices: <u>6/</u>	:	:	:	:	:	:	:	
Wholesale prices, all commodities	: 1947-49=100	: 120	: 120	: 119	: 119	: 119	: 119	
Commodities other than farm and food	: do.	: 128	: 128	: 127	: 128	: 127	: 128	
Farm products	: do.	: 89	: 90	: 89	: 87	: 87	: 88	
Foods processed	: do.	: 108	: 109	: 108	: 108	: 108	: 108	
Consumer price index, all items	: do.	: 126	: 127	: 128	: 128	: 128		
Food	: do.	: 120	: 121	: 121	: 121	: 121		
Prices received by farmers <u>7/</u>	: 1910-14=100	:	:	:	:	:	:	
Crops	: do.	: 238	: 241	: 241	: 242	: 240	: 238	
Livestock and products	: do.	: 221	: 219	: 229	: 229	: 226	: 223	
Prices paid, interest, taxes and wage rates <u>7/</u>	: 1910-14=100	: 253	: 260	: 251	: 252	: 252	: 250	
Family living items	: do.	: 299	: 297	: 301	: 301	: 301	: 301	
Production items	: do.	: 290	: 291	: 290	: 291	: 291	: 291	
Parity ratio <u>7/</u>	:	: 265	: 262	: 265	: 266	: 265	: 265	
	:	: 80	: 81	: 80	: 80	: 80	: 79	
Farm income and marketings: <u>7/</u>	:	:	:	:	:	:	:	
Volume of farm marketings	: 1947-49=100	: 133	: 176	: 141	: 151	: 198	: 175	
Cash receipts from farm marketings	: Mil. dol.	: 34,014	: 3,767	: 3,050	: 3,320	: 4,290	: 3,800	

Annual data for most of the items for years 1929, 1941 and 1947-60 appear on page 41 of the April issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates.

4/ Unfilled orders for durables divided by monthly deliveries. 5/ Inventories, book value, end of month, divided by sales. 6/ U. S. Department of Labor. 7/ U. S. Department of Agriculture, Agricultural Marketing Service.

THE DEMAND AND PRICE SITUATION

Approved by the Outlook and Situation Board December 19, 1961

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SUMMARY

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Current indicators of general business activity point toward a fourth quarter rise that exceeded the increase during the third quarter of 1961 when the nation's output of goods and services rose almost 2 percent above the second quarter, after allowance for seasonal influences.

Output has forged ahead after a temporary decline in September due to strikes in the auto industry. The rising output pushed personal income up markedly in October, and consumers increased their expenditures for goods. Retail sales in October were 3 percent greater than the month earlier. Preliminary estimates of November retail sales point toward a continuation of strong consumer spending. The gain in economic activity aided the employment situation; the seasonally adjusted unemployment rate which had remained unchanged since last December declined from 6.8 to 6.1 percent.

In the farm sector of the economy, prices declined slightly from mid-October to mid-November to a level a little more than 1 percent lower than in November 1960. But, for the first 11 months of this year prices received by farmers have averaged almost 1 percent higher than during the first 11 months of 1960. And, with output and marketings large, cash receipts from marketings of farm products for the first 11 months of 1961 totaled around $2\frac{1}{2}$ percent more than the year earlier.

* * * COMMODITY HIGHLIGHTS * * *

Red meat production during the first three months of 1962 is expected to total slightly more than in the same period of 1961. Prices for livestock in the first quarter are likely to average near or slightly above the levels of mid-December but below a year earlier. Fed cattle and hog prices will probably be lower than in the first few months of 1961 due to larger marketings. Sheep and lamb prices, however, may show a strong price rise early in 1962.

Milk production in the last quarter of 1961 was about 3 percent above a year ago, continuing the upturn in output that first began in 1960 and picked up momentum last summer. The 1961 increase in milk production, coupled with a decline in use of milk in fluid items, has increased the amount of milk moving into manufactured items which are purchased under the price support program.

Egg production through the first half of 1962 will exceed a year ago. Prices, through at least the first quarter of 1962, are expected to average substantially below the level of a year earlier. In mid-November, prices received by farmers for a dozen eggs averaged 10 cents less than in 1960.

Recent cutbacks in broiler hatchery and slaughter activities indicate marketings at about year-earlier levels over the next two months. Broiler prices to growers from mid-November to the second week in December strengthened considerably in some producing areas.

In late November and early December, world wool prices turned moderately upward from the relatively stable level during the fall of the year. Domestic growers of shorn wool in mid-November received 2.1 cents more per pound than the 38.4 cents received in November 1960.

Current wheat prices are high relative to the current-crop support rate because farmers are holding back wheat in anticipation of higher prices. Winter wheat growers signed to divert 11.2 million acres under the 1962 Wheat Stabilization Program.

Average prices received by farmers for corn declined 8 cents from October to November as harvesting and marketings of the 1961 crop increased. This compares with a 12 cent decline during the same period a year ago. Although the mid-November farm price of 94 cents per bushel was considerably below the 1961 support level of \$1.20 per bushel, it was 7 cents higher than a year earlier when the support level was \$1.06.

Domestic disappearance of food fats during the 1961-62 marketing year will probably rise slightly with the growth in population. Total supply, however, is estimated at a record 16.1 billion pound (oil equivalent), 15 percent larger than supplies a year ago. Although export movement is expected to be large, a sizable buildup in stocks is likely during the 1961-62 marketing year.

Early-season marketings of Florida citrus fruits have been considerably larger, and grower prices have averaged somewhat lower, this fall than last. Mainly because of larger supplies, shipping-point prices for apples generally have averaged somewhat lower this fall than a year earlier.

December indications point to somewhat less vegetables for fresh market this winter than last. Supplies of canned vegetables appear to be a little larger than a year ago. But demand is strong and generally stable to firm prices are expected for most major items.

Fall crop potato production, at 201 million hundredweight, is 15 percent more than last year. Through December 8, 8.9 million hundredweight of potatoes had been channeled into starch, flour, and livestock feed under the U.S.D.A's potato diversion program.

The pickup in overall economic activity and relatively low stocks in relation to unfilled orders for cotton broadwoven goods point toward a rise of about one-half million bales in domestic mill consumption of cotton in 1961-62. But, a small increase in production and a sizable reduction in cotton exports indicate a probable addition of about 0.2 million bales to the cotton carry-over on August 1, 1962.

Auction market prices for burley tobacco averaged 67 cents per pound for sales through mid-December, 2 percent higher than a year ago. Although production is up 13 percent from last year, a smaller carryover reduced the total supply for 1961-62 to about the same as for 1960-61.

* * *

GENERAL AGRICULTURAL SITUATION

* * *

The agricultural situation during November was characterized by some slippage in prices from both the October level and a year ago. However, estimated cash receipts during November were about 1 percent higher than the \$3.8 billion of a year ago.

During the month ended November 15, lower prices for meat animals, eggs, corn, cotton, and citrus fruits were responsible for most of the decline in farm product prices. Higher prices for milk, poultry, soybeans, and some vegetables were partially offsetting. The mid-November index was 238 (1910-14=100), compared with 240 in mid-October and 241 a year ago. For the first 11 months of this year, farm product prices averaged somewhat less than 1 percent higher than in the same span in 1960. Price trends at central markets through early December indicate little change overall from month-earlier levels and below December 1960, so that the average of farm product prices for 1961 was about the same as in 1960.

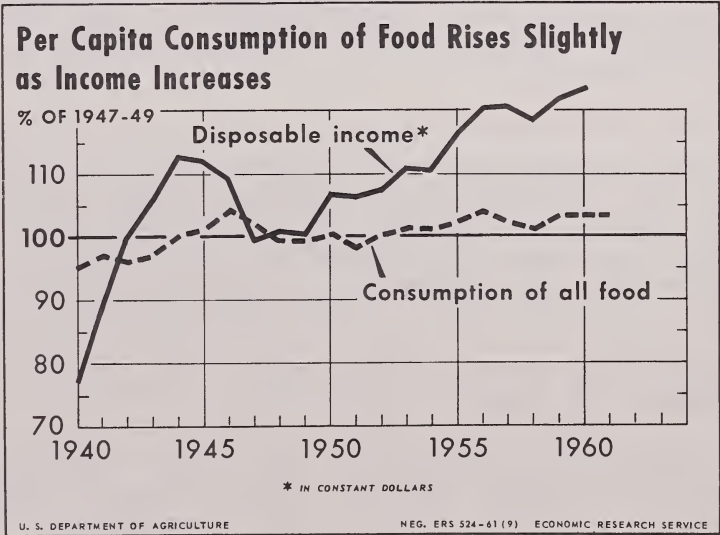
Total output of farm products in 1961 is now estimated to have reached the record level of 1960 when farm output was 28 percent greater than during the 1947-49 period. According to the December Crop Report, production of

crops is almost 2 percent smaller than a year ago, but still the second largest output on record. Average yields for all crops reached a record high as weather was favorable for most crops. The yield index, representing a composite of 28 leading crops, advanced to 147 this year. The previous record was 143 for the crop seasons of 1958 and 1960.

Output of livestock products in 1961 is estimated to be nearly 5 percent greater than last year's record. Output of meat animals, dairy products, and poultry and eggs each exceed previous record levels. Despite the increase in output and, consequently in marketings, prices received by farmers for livestock products during the first 11 months of 1961 average only fractionally below the corresponding prices last year.

At the consumer level, retail sales by food stores in the third quarter of 1961 were 3.6 percent more than the year earlier. During this same period, retail prices for food for home preparation were only fractionally higher, so that the total quantity of food used increased by about 3 percent. Retail sales by food stores in the third quarter of 1960, however, had declined slightly from the previous quarter's rate. The gain in population during the year was about 1.6 percent.

During the past two decades demand for farm products has increased slowly, reflecting primarily population growth, but also some income effect. Although total food use per person changed very little, the stability reflects a continuation of shifts to meat and convenience-type foods and away from cereals, fresh vegetables, and high-calorie foods. Sharply increased real consumer income in this period has been used more for satisfying wants other than food. But, included among those wants has been a strong demand for services in marketing food, such as prepackaged, prepared frozen foods.



* * * FACTORS AFFECTING DEMAND * * *
FOR FARM PRODUCTS

Available business statistics through the first part of December indicated a quickening in economic activity from the levels reached in the third quarter of 1961. Sales and inventories of manufacturing and trade firms advanced and manufacturers' new orders rose. Personal income spurted upward as wage and salary disbursements increased markedly in October. The major force bolstering the flow of disbursements was the resumption of automobile production following the September output decline induced by strikes in the auto industry. Wage rates and employment also advanced from the third quarter level, and in November a sizable reduction was made in the unemployment rate. The continued expansion in economic activity has occurred with little rise in overall prices.

For the agricultural sector, the continued increase in consumer buying power helps support the demand for farm products. Perhaps of greater impact to farmers, however, is the current absence of upward price pressures in the economy. Although farm production expenses in 1961 are expected to reach a new peak, about 2 percent above the \$26.4 billion total in 1960, only part of the increase will result from an advance in prices paid by farmers for production items. Over the past year, prices for these items have risen only one-half percent. A part of the rise will result from further specialization, more intensive production, and use of more goods and services from nonfarm sources. Finally, interest charges per acre and taxes payable per acre, as well as farm wage rates, have increased since a year ago.

The apparent accelerated rate of economic activity since October dispels much of the doubt as to the vigor of the current phase of business expansion. The initial recovery from the recession low of the first quarter of 1961 to the second quarter was at an annual rate of \$15.3 billion in the gross national product. The rise in gross national product then slackened to a \$9.7 billion rate in the third quarter as the impact of a \$6.8 billion turnaround in business inventories from the first to second quarter of this year diminished. Inventories were accumulated at a \$4.5 billion rate in the third quarter. The bulk of inventory accumulation was in manufacturing, primarily durables, whereas in the second quarter most of the buildup was in the trade sector.

Based on the latest survey of manufacturers' inventory expectations (made in August and early September by the Department of Commerce), inventories during the fourth quarter of 1961 would be accumulated at about the same rate as in the previous quarter. If the rate of change in inventory investment for all industry holds at the third quarter level, it would be a considerably earlier slowing than in the three previous postwar expansion phases. Since the date of the survey of manufacturers' inventory expectations, however, business activity has quickened perceptibly.

Total sales by retail stores in October, seasonally adjusted, were 3 percent more than in September, but virtually unchanged from October 1960. Preliminary estimates for November point to a further rise of at least 3 percent. The expected fourth quarter rise in retail sales marks the first substantial increase since the low reached at the beginning of 1961. From January through September, sales fluctuated between \$17.8 to \$18.2 billion. The October rise was to \$18.6 billion and, coupled with the indicated further rise in November, may signal a shift in the cautious buying attitude exhibited by consumers so far this year. From January through September consumer incomes rose at a faster rate than consumption expenditures so that the savings rate by the third quarter of 1961 was at its highest level since the second quarter of 1959. The rise in retail sales was in large part due to the substantially improved sales of new cars. Sales of apparel and general merchandise stores also rose appreciably from September rates. Since the October sales report, retail sales of cars have strengthened further. November sales are estimated at an annual rate of 7 million cars compared with a 6.2 million rate in October. A year ago, car sales were at a rate of around 6.4 million.

Additional strength in the current business expansion comes from a general advance in outlays for new construction. After declining from a peak in November 1960 to a low in April and May 1961, total new construction expenditures reached a record annual rate of \$58.9 billion in September. Preliminary data indicate expenditures in October were about the same as in September but expenditures in November are estimated to have reached an annual rate of \$59.5 billion. Both private and Government construction outlays moved ahead of springtime levels. The 1.4 million private housing units (seasonally adjusted annual rates) started in October-November were 3 percent more than the third quarter rate and represent the first time since December 1959 that private starts exceeded a 1.4 million unit rate.

The recently released Department of Commerce outlook report for the construction industry indicates that total housing starts in 1962 should exceed by 100 thousand units the 1.3 million private housing starts estimated for 1961. The outlook assumes that the same influences which spurred the upturn of new housing the past few months are likely to prevail throughout 1962. These influences are: Somewhat lower mortgage interest rates than in the past few years; the growing effect of urban renewal; increased housing requirements of the elderly; the shift of housing demand to multifamily types; and the continued rising construction rate of rental-type housing. The rate of increase in the construction of apartments may be dampened somewhat next year, however, by relatively high vacancy rates. But in addition to a rise in private residential building, outlays for industrial, commercial, and public utilities construction are expected to increase in 1962.

A probable increase of about \$400 million for highway construction will account for a large part of a projected near billion dollar increase in public construction. Adequate revenues in the Interstate Highway Program trust fund from which Federal-aid funds are forthcoming provide a firm basis for the increase. According to the Commerce Department, Interstate Highway Program expenditures in 1962, as in 1961, will more closely reflect actual road construction, in contrast to previous years when work on bridges and overpasses and other preliminary work were more in evidence.

Table 1.--New construction put in place in the United States
1960, 1961, and outlook for 1962

Type of construction	Value			Percent change		
	1960 <u>1/</u>	1961 <u>2/</u>	1962 <u>3/</u>	1960-61	1961-62	
	Mil. dol.	Mil. dol.	Mil. dol.	Percent	Percent	
Total new construction	55,556	57,325	60,250	3	5	
Private construction, total	39,603	40,260	42,250	2	5	
Residential buildings (nonfarm).....	22,546	22,550	24,000	4/	6	
Nonresidential buildings (nonfarm).....	10,168	10,740	11,125	-6	4	
Industrial	2,851	2,760	2,825	-3	2	
Commercial	4,180	4,665	4,825	12	3	
Other nonresidential buildings	3,137	3,315	3,475	6	5	
Farm construction	1,285	1,500	1,500	17	0	
Public utilities	5,323	5,220	5,350	-2	2	
All other private	281	250	275	-11	10	
Public construction, total	15,953	17,065	18,000	7	5	
Residential buildings	716	835	950	17	14	
Nonresidential buildings	4,792	5,200	5,450	9	5	
Military facilities	1,386	1,375	1,375	-1	0	
Highways	5,464	5,700	6,100	4	7	
Sewer and water systems	1,487	1,600	1,700	8	6	
Public service enterprises	649	610	600	-6	-2	
Conservation and development	1,221	1,375	1,425	13	4	
All other public	238	370	400	55	8	

1/ Bureau of the Census statistics. 2/ Bureau of the Census statistics January-October except where otherwise indicated; Business and Defense Services Administration's estimates November and December.

3/ BDSA estimates. 4/ Less than one-half of 1 percent.

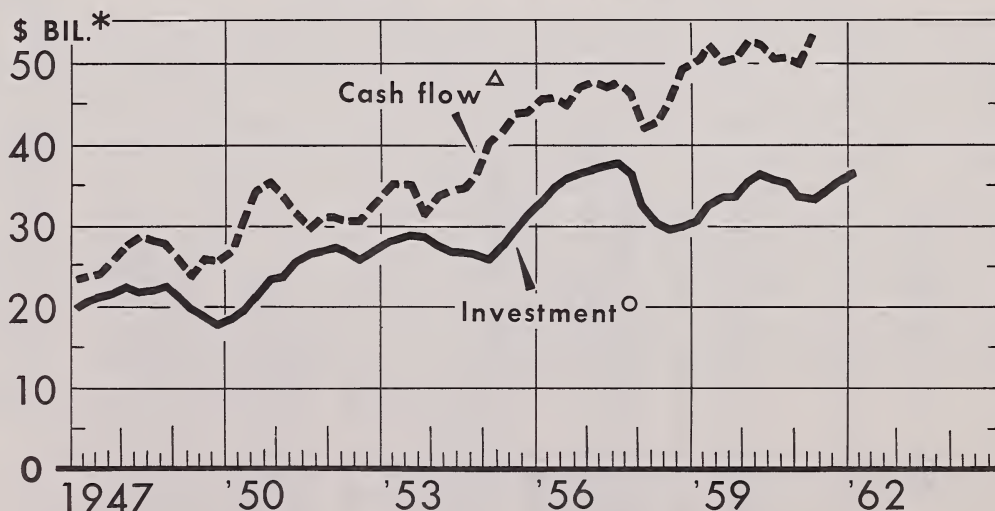
Department of Commerce.

An additional contributing factor to the current expansion and its future course is the rapid rise in corporate profits and its impact on investment. After deducting taxes, corporate profits in the second quarter of 1961 were about 14 percent above the depressed first quarter rate, which was the lowest since late 1958. Current indications are that the advance continued into the third quarter. General swings in capital outlays tend to follow, with some lag, the movement in retained corporate profits and depreciation allowances. Although many other factors are important, the general relationship of investment and cash flows is seen in figure 2.

With profits rising, and an increasing flow of investment funds available from depreciation reserves, industry plans to step up spending for new plant and equipment in the first quarter of 1962 by 1.7 percent from the currently estimated fourth quarter rate of \$35.9 billion. The scheduled expenditures for the first quarter of 1962 are 6 percent greater than estimated outlays for 1961. Capital outlays reached a cyclical low in the second quarter of 1961 and have shown steady recovery since.

For the whole of 1962, the McGraw-Hill survey (conducted in October) of business plans for fixed investment came up with a 4 percent increase from the 1961 level of capital expenditures. The indicated 1962 level was \$35.8 billion, compared with the currently estimated fourth quarter rate of \$35.9 billion.

RELATIONSHIP OF INVESTMENT AND CASH FLOW



SOURCE: SECURITIES AND EXCHANGE COMMISSION AND DEPARTMENT OF COMMERCE.

* SEASONALLY ADJUSTED AT ANNUAL RATES.

Δ UNDISTRIBUTED CORPORATE PROFITS PLUS CAPITAL CONSUMPTION ALLOWANCES.

○ EXPENDITURES FOR NEW PLANT AND EQUIPMENT. ESTIMATES: IV, 1961; I, 1962.

AGRICULTURE AND FOREIGN AID

In recent years about two-thirds of gross U.S. Government nonmilitary assistance to foreign countries and over half of the net U.S. nonmilitary assistance, consisted of agricultural commodities, or of grants, loans and short-term credits valued in foreign currencies. These foreign currency loans and credits represented the proceeds from the sale of U.S. farm commodities.

Total U.S. nonmilitary assistance to foreign countries in the fiscal year ended June 30, 1961 totaled about \$3.5 billion. Repayment of previous loans reduced net assistance to \$2.2 billion. The combined effect of record foreign currency sales and of dollar loan repayments raised the proportion of net U.S. economic aid deriving from agriculture to 64 percent. This agricultural-economic aid, with a dollar equivalent value of \$1.4 billion included in addition to foreign currency transactions, \$150 million in famine relief shipments and nearly \$200 million in donations of agricultural commodities through voluntary relief agencies and international organizations (including transportation costs borne by the Commodity Credit Corporation). The bulk of this agricultural aid in recent years has been under provisions of P.L. 480. In 1960-61 assistance under P.L. 480 amounted to \$1.2 billion.

Between enactment of P.L. 480 in 1954 and June 30, 1961, eleven countries each had imported commodities in excess of \$150 million under the foreign currency sales provision of Title 1. Total U.S. economic aid to these countries during the past 6 fiscal years amounted to \$7.8 billion or 57 percent of such aid to all countries. These eleven countries may be characterized as largely agricultural with insufficient production or foreign exchange to meet consumption requirements. For these countries commodity aid-in-kind, foreign exchange savings and local currency supplies are necessary to economic development. It is not surprising therefore, that assistance under P.L. 480 constituted a large proportion, and in some cases nearly all of the net U.S. economic aid to these countries. These 11 include, in order of magnitude of net U.S. economic assistance (value in million dollars in parentheses) during 1956-61: Korea (1,744), India (1,654), Pakistan (924), Turkey (714), Spain (654), Yugoslavia (566), Poland (395), Egypt and Syria (338), Brazil (297), Israel (275), and Indonesia (224).

* * * CURRENT COMMODITY SITUATION * * *

LIVESTOCK AND LIVESTOCK PRODUCTS

Meat Animals

Red meat production in the first quarter of 1962 is expected to be slightly above year-earlier levels. Prices of meat animals are likely to remain steady or slightly higher than the levels of mid-December, but will average below those of last year.

Table 2.--U. S. Nonmilitary aid to foreign countries, total and agricultural, years ending June 30, 1956-61

	1956-60		1960-61 p.	
	Total	Agricultural	Total	Agricultural
	Bil.dol.	Bil.dol.	Bil.dol.	Bil.dol.
Gross nonmilitary aid grants: and credits	12.7	4.2 <u>1/</u>	3.1	1.1 <u>1/</u>
Repayments	<u>3.4</u>	<u>2/</u>	<u>1.3</u>	<u>2/</u>
Net grants and credits	9.3	3.7 <u>3/</u>	1.8	1.0 <u>3/</u>
Net other assistance <u>4/</u>	<u>2.2</u>	<u>2.2</u>	<u>.4</u>	<u>.4</u>
Total above	11.5	5.9	2.2	1.4

1/ Includes dollar credit sales financed by ExIm Bank and CCC amounting to \$469 million during 1956-60 and \$61 million in 1960-61. Excludes small dollar grants, technical assistance and ocean transport costs paid from Mutual Security appropriations.

2/ Included in total.

3/ Excludes dollar credit sale transactions.

4/ Represents the transfer of U. S. farm products in exchange for foreign currencies less the Government's disbursement of the currencies as grants, credits or in payment of services. The totals include approximately \$340 million in net losses incurred as a result of currency fluctuation of which \$151 million occurred during 1960-61.

p. Preliminary.

Based on data compiled by the Office of Business Economics, U. S. Department of Commerce.

On October 1, the number of cattle and calves on feed was 0 percent higher than a year earlier. Feeders plan to market a larger than usual share of their animals after the beginning of 1962. Prospects are for fed cattle prices to average slightly lower in the first few months of 1962 than in the same period of 1961.

Hog marketings have passed their seasonal peak and prices are probably near their low. This winter marketings should continue a little above last winter's levels. Slaughter will come mainly from early fall farrowings which were reported to be no larger than a year before for 10 Corn Belt States. Prices for hogs are expected to rise during early winter but will probably continue below those of a year ago.

A strong price rise for sheep and lambs from early December levels is likely in coming months. The number of sheep and lambs on feed November 1 in 7 major feeding States was 6 percent less than November 1960. Moreover, next year's lamb crop will almost certainly be smaller than this, thereby limiting the number for sale. The average price received by farmers for lambs in November was \$15.10 per 100 pounds, the lowest monthly average price since the end of World War II.

Dairy Products

Milk production in the last quarter of 1961 was about 3 percent above a year ago--continuing the upturn in output that first began in 1960 and picked up momentum last summer. Several factors are responsible for the uptrend in milk production. Milk-feed price relationships have continued favorable for several years, and beef cattle prices have declined somewhat from the high levels of 1959. Also contributing to the uptrend in production were: (1) The price rises in manufacturing milk in late 1960, reflecting a strong demand for milk used in cheese; and (2) increases in dairy price supports, first in September 1960 and again in March 1961. In addition, favorable pasture conditions during summer and early fall of this year further stimulated the recent upsurge in milk production.

The largest percentage gains in milk output in 1961 were 4 percent in the Appalachian region and 2.5 percent in the Northeast. Increased milk output has resulted in lower blend prices in a number of Federal order markets, reflecting both a smaller proportion of Class I utilization and lower Class I prices due to supply-demand adjustment factors in the order formulas. In some regions, such as the Northeast, continued increases in production likely will result in some further declines both in Class I and blend prices. These trends could slow the rise in production in fluid milk areas.

The Lake States have gained in milk production in every year since 1950, except 1959. Price rises for manufacturing milk in late 1960 and in 1961 were important factors in the significant rise in output that got underway late last summer.

Higher manufacturing milk prices and stable beef cattle prices were responsible for the recent upturn in milk production in the Corn Belt and Northern Plains States. The increase--the first since the mid-1950's--is expected to continue into 1962.

While total milk production moved up only 5 percent between 1950 and 1960, the use of solids-not-fat for human food increased 26 percent. The increased use of solids-not-fat was made possible by the increased availability of solids-not-fat for human use arising from the shift from the sale of farm-separated cream to the sale of whole milk.

The use of solids-not-fat in the fluid market was increasing in the early 1950's. Since 1955 it has been fairly stable at 5.1 to 5.2 billion pounds. Increasing amounts of solids-not-fat reaching market have been channeled into manufactured dairy products, chiefly nonfat dry milk, but also cheese.

The fluid milk market was an expanding outlet for milkfat from 1950 through 1957, contracted somewhat in 1958 and then leveled off through 1960. During the expansion, the greater use of milkfat in fluid items offset the lower use of milkfat in evaporated milk and butter. In the last several years, aggregate use of milkfat in fluid items was maintained by population growth even though per capita use declined. In 1961, however, a significant decrease in the aggregate use of milkfat in fluid items occurred.

American cheese production in 1961 is expected to increase 14 percent; butter production, 8 percent; and nonfat dry milk, 10 percent. The 1961 increase in milk production, coupled with a lower use of milk solids in fluid items, has increased the amount of milk moving into manufactured items which are purchased under the price support program. Indications are that total CCC purchases of milkfat in all products in 1961 will be around 7 percent of production--the largest percent since 1954. Those of solids-not-fat, at 10 percent of production, will be a record high.

Poultry and Eggs

Egg production moved above 1960 for the first time in August and in September-November totaled 4 percent more than in 1960. Larger egg production than a year ago is likely to continue through the first half of 1962. Contributing factors are rising egg output per layer over the next few months followed by some expansion in the number of layers in the second quarter of 1962. The gain in eggs per layer seems assured over the next several months because of continued improvements in technology and a laying flock made up of more younger birds.

The expansion in output from a year ago, beginning in August, limited the usual fall rise in egg prices. On November 15, farmers received an average price of 36.0 cents per dozen for eggs compared with 46.1 cents a year earlier. From mid-November to mid-December quotations for large eggs dropped about 4 to 6 cents while mediums rose about 2 to 4 cents.

Despite lower egg prices, almost 21 million more egg-type chicks than a year ago were hatched in August through November but these large year-to-year increases will probably not be continued through the main hatching season. Eggs in incubators on December 1 were 4 percent more than on the same date in 1960.

Abundant supplies of broilers and turkeys this year have led to the lowest prices for broilers ever recorded and to the lowest prices for turkeys since the early 1940's. For broilers, prices broke in March and slid rapidly until June. From June through November, the U. S. price received by growers averaged from 12 to 13 cents per pound, 4 to 5 cents below last year's level. Prices in Southern producing areas dropped as low as 10 cents per pound in July. However, since mid-November these prices have been strengthening and in mid-December were up to about 15 cents per pound or about the same as a year ago.

Broiler slaughter in 1961 exceeded a year ago by 16 percent. In 7 out of 10 months in 1961, slaughter was greater than a year ago by more than 15 percent. Recent reductions in hatchery and slaughter activities suggests that broiler supplies over the next 2 months may be reduced to about year-earlier levels. This cutback is apparently responsible for the recent price recovery.

Large increases in monthly turkey slaughter compared to a year earlier, particularly since May, have been reflected in a record build-up in cold storage holdings. Stocks on hand the beginning of November totaled 373 million pounds, 91 million pounds above a year ago. The U. S. turkey price drifted lower since the beginning of the year and reached a low of 17.4 cents per pound

in October. Some recovery occurred in November with prices rising to 18.4 cents. Turkeys move out of storage in November and December to supplement current slaughter in providing the large quantities needed for the holiday demand. This out-of-storage movement has been generally accompanied by a price rise at the farm in November and December. Such an increase has already occurred in November but a further gain may not have occurred in December because of the record high stocks. These large holdings are likely to keep turkey prices below year ago levels for some months to come.

Wool

World wool prices turned moderately upward in late November and early December from the relatively stable level in the fall of the year. Demand for wool continues relatively strong at the Australian, New Zealand, and South African markets, where 1961-62 wool production is at or near record-high levels. In Argentina and Uruguay--the major South American wool markets--sales activity in the early part of the 1961-62 marketing season has been limited by the small amount of wool available in the central markets. But as wool begins to move to these markets, activity is expected to increase.

The average mid-month price received by domestic growers for shown wool was 40.5 cents per pound, grease basis, in November. This is approximately the same as the 40.6 cents in October and 5 percent higher than the 38.4 cents in November 1960.

Domestic consumption of wool totaled 395.8 million pounds during January-September 1961 compared with 419.1 million in 1960. Apparel wool accounted for 267.9 million pounds during the first three quarters of 1961, 4 percent less than a year earlier. This lower apparel use is due to lower imports of textile products as mill use of apparel wool is greater. Domestic use of carpet wool accounted for 127.9 million pounds, 13 percent less than in 1960. Both imports of carpet wool products and mill use of carpet wool are less than in the same period a year earlier.

U.S. mill use of raw wool amounted to 337.1 million pounds during the first 10 months of 1961 compared with 347.9 million in 1960. Apparel wool mill consumption totaled 216.5 million pounds, 3 percent more than in 1960. The seasonally adjusted average weekly rate of mill use in October 1961 was 5.6 million pounds, 11 percent greater than in September 1961 and 23 percent larger than in October 1960. Mill use of carpet wool during the first 10 months of 1961 amounted to 120.6 million pounds, 12 percent less than in 1960. The seasonally adjusted average weekly rate of mill use was 3.5 million pounds in October 1961, 17 percent larger than in September and 14 percent more than in October 1960.

Imports of dutiable raw wool during January-October 1961 totaled 73.8 million pounds, clean content, 17 percent more than in 1960. Duty-free imports of raw wool amounted to 140.7 million pounds, clean content, during the first 10 months of 1961, 4 percent larger than in 1960.

The Foreign Agricultural Service has recently estimated the 1961-62 world wool production at 5,655 million pounds, grease basis, 40 million pounds more than the record high of 1959-60. Among the 5 major surplus producing countries of the Southern Hemisphere, Australia, New Zealand, South Africa, and Uruguay are expected to show increases and Argentina a decrease.

The Commonwealth Economic Committee has estimated the third quarter raw wool consumption in the 10 chief wool manufacturing countries at 466 million pounds, clean content. This is 8 percent less than the second quarter of 1961 and about the same as the comparable quarter of 1960. During the first three quarters of 1961, consumption amounted to 1,465 million pounds, 2 percent less than in 1960.

CROPS

Wheat

Through December 1, farmers had signed up to divert 11.2 million acres under the 1962 Wheat Stabilization Program. The acreage signed for diversion represents 34 percent of the 32.4 million acres eligible on the signed farms. This acreage is equal to about 58 percent of the 55 million acre allotment in 1961. Of the 11.2 million acres thus far under the program, 3.4 million are accounted for by the minimum diversion while 7.8 million represent additional diversion above the 10 percent minimum. While December 1 was the closing date for signing up winter wheat farms under the 1962 wheat program, many states indicated that their reports were not complete. The sign up for spring wheat will begin February 5.

Based on December 1, indications, winter wheat seedings in the fall of 1961 totaled 39 million acres. This is a tenth less than the 43 million acres seeded in the fall of 1960.

Cash wheat prices on December 19 were generally at or near the high for the season to date, with prices of dominant classes and grades up from early June levels as follows: At Portland, 12 cents; Kansas City, 16 cents; Minneapolis, 19 cents and St. Louis, 28 cents. Prices at terminals on December 7 were generally slightly below to 5 cents above mid-November.

On December 19, the price of No. 1 Dark Northern Spring Wheat, ordinary protein, at Minneapolis at \$2.34 was 18 cents above the announced support; No. 1 Soft White at Portland at \$2.09, 10 cents above; and No. 2 Soft Red Winter at St. Louis at \$2.09, 1 cent above. The price of No. 2 Hard Red Winter, ordinary protein, at Kansas City at \$2.07 was 1 cent below the announced support, but still 3 cents above the effective support for that date.

Growers had placed 241 million bushels of 1961-crop wheat under the price support program through October 1961. On the same date a year earlier 356 million bushels of 1960-crop wheat were under support. While the quantity this year is 20 percent of the 1961 crop compared with 26 percent of the 1960 crop a year ago, the continued high level of exports and the tight holding policy of farmers have been important factors in keeping wheat prices high relative to the support rate. Farmers have been reluctant to sell, anticipating higher prices because of the increased price support rate for 1962-crop wheat. The support at the farm level for the next crop is \$2.00 compared with \$1.79

for the current crop.

Domestic disappearance in 1961-62 is now estimated at about 590 million bushels and exports are expected to reach a record 675 million. Some of the increase in exports over the 662 million of 1960-61 will be to European markets, where import requirements have increased due to smaller 1961 crops. With total supplies estimated at 2,654 million bushels, about 1,390 million bushels would be carried over on July 1, 1962, compared with 1,411 million bushels a year earlier.

Feed Grains

Feed grain prices declined 5 percent from October to November as corn prices fell seasonally with the harvesting of the 1961 crop. Prices received by farmers in November, however, averaged 11 percent higher than a year earlier, with prices of each of the 4 feed grains above the November 1960 levels. Prices paid by farmers for feed purchased in November averaged about 3 percent higher. Feed prices continue below average in relation to prices of hogs, beef cattle, and dairy products, but poultry feeds are higher than average this fall in relation to prices of eggs, broilers and turkeys.

Average prices received by farmers for corn declined 8 cents from October to November as harvesting and marketings of the 1961 crop increased. This compares with a 12 cent decline during the same period a year earlier. While the average price to farmers declined, the price of No. 3 Yellow corn at Chicago remained comparatively stable during November and early December at around \$1.08 to \$1.12 per bushel. The decline in farmers' prices results from increased marketings in the Corn Belt and also from wet weather during harvest time, which has lowered the quality of corn marketed. Sorghum grain prices averaged \$1.63 per cwt. in November, 21 cents higher than a year earlier, but 30 cents below the 1961 support level. Corn and sorghum grain prices this year also are being influenced by CCC sales of the two grains under the 1961 Feed Grain Program. From October 1 through December 8, CCC sold around 160 million bushels of corn and 45 million bushels of sorghum grain against certificates issued under this program.

Prices of oats and barley have been above the 1961 support levels in recent months and are also much higher than average in relation to corn. The mid-November price of oats averaged 64 cents per bushel, 5 cents above a year earlier, and 20 percent higher than corn per 100 pounds. The price of barley averaged \$1.00 per bushel in November, 21 cents higher than a year earlier and 6 cents above corn per bushel. The relatively high price of these grains reflects the smaller crops this year, especially in the Northern Plains area.

The total 1961 feed grain production was estimated in December at 141 million tons, 10 percent smaller than in 1960 but 6 percent above the 1955-59 average. With the larger carryover of feed grains from previous years and a moderate increase in supplies of protein feeds, the total supply of all feed concentrates is estimated at 256 million tons, 5 million tons or 2 percent less than in 1960-61. Feed grain utilization this year is expected to be a little above production. The carryover into 1962-63 probably will be around 5 percent below the 84 million tons carried over into the 1961-62 marketing year.

The corn supply for 1961-62 is now estimated at 5,623 million bushels, 74 million bushels less than last year. This includes the crop of a little over 3.6 billion bushels, 284 million less than in 1960, and a carryover of close to 2 billion bushels, up more than 200 million from a year earlier. The 1961 crop is expected to fall a little short of our total requirements and the carryover of corn into 1962-63 probably will be around 1.9 billion bushels. The total supply of sorghum grain is about the same this year as the 1.2 billion bushels in 1960-61 while the oat supply is 6 percent smaller and the barley supply is 8 percent smaller. The sorghum grain carryover in 1962 is expected to be maintained at near this year's level, while smaller carryover stocks of oats and barley are in prospect.

Oilseeds, Fats and Oils

The total U. S. supply of food fats and oils for the 1961-62 marketing year which began on October 1, 1961, is placed at a record 16.0 billion pounds (in terms of oil), 2.0 billion pounds or 14 percent higher than the total supplies last year. Domestic disappearance of food fats during 1961-62 will probably rise slightly with the growth in population. While expanding foreign demand is expected to absorb a good portion of the increased 1961-62 output, a sizable build-up in our ending stocks on September 30, 1962, likely will occur, mainly in the form of soybeans.

Present prospects indicate that exports of edible oils, soybeans, lard and butter for 1961-62 will be a record 4.5 billion pounds, about one-third more than the previous year. Factors pointing to an encouraging export year are the improved demand for U. S. food fats in Europe and Japan; smaller supplies of competitive fats in other countries; and the increased movement of edible oils under the Food for Peace Program.

The season average price received by farmers for 1961-crop soybeans is estimated at \$2.29 per bushel, about 8 percent more than the previous year. However, the seasonal swing in soybean prices during 1961-62 will be considerably less than the unusually large increase last year and prices will be closely allied to the CCC price support operations.

The 1961-62 supply of soybeans is placed at 699 million bushels, up 120 million from last year. Crushings for the current year are forecast at a record 425 million bushels, approximately 6 percent above last year's crush. Soybean exports are expected to be in the vicinity of 170 million bushels, nearly one-third higher than in 1960-61. This would result in a carryover of 65 million bushels on September 30, 1962 compared with the small carryover of 6 million bushels this year. Main reasons for the increase in exports are: (1) Major importing areas such as Western Europe and Japan continue to need large imports of oilseeds; (2) exportable supplies from Red China continue small, and; (3) less Philippine copra and coconut oil are moving in world trade.

Lard output (including farm) for 1961-62 is forecast at 2,650 million pounds, exceeding last year by about 5 percent. Increased output in the current year probably will result in lower lard prices and more lard diverted for use in the manufacture of shortening. Lard prices during October-November 1961 averaged 15 percent below these same two months last year.

The domestic flaxseed supply for the 1961-62 marketing year is placed at 27 million bushels as compared with 33 million bushels for 1960-61. Crushings are expected to total around 19 million bushels, leaving approximately 8 million bushels for exports, seed, and carryover. About 2 million bushels are expected to be exported and another 2 million bushels to be used for seed and residual, leaving 4 million bushels to be carried over into the 1962-63 year. The season average price received by farmers for 1961-crop flaxseed is placed at \$3.24 per bushel compared with \$2.65 a year earlier. Linseed oil prices are expected to remain strong with a 1961-62 average price (raw tank cars, Minneapolis) of 15 cents per pound as compared with an average of 13 cents for 1960-61.

Fruit

Early-season marketings of Florida citrus fruits have been considerably larger, and grower prices have averaged somewhat lower, this fall than last. However, in California, where supplies of oranges have been lighter, prices for the larger-sized oranges averaged somewhat higher in early December than a year earlier. Except for California oranges and Florida tangerines, supplies of fresh citrus fruits are expected to continue larger this winter than in this season of 1961.

The 1961-62 crop of early, midseason, and Navel oranges is about 2 percent larger than the 1960-61 crop. Prospective production of Valencia oranges is up about 16 percent. Decreases in California, due mainly to hot, dry weather, are more than offset by increases in other States, especially Florida. The 1961-62 grapefruit crop is about 7 percent larger than the preceding crop. Production of lemons is up substantially, but that of tangerines is down considerably.

Movement of Florida citrus fruit to both fresh markets and processors has been moderately heavier this fall than last, when fruit was late in maturing. By early December, output of both canned and frozen citrus products was somewhat larger than a year earlier. The weekly rate of output was still increasing and the period for large-volume packing was still ahead. Shipments of most canned and frozen citrus products from processors to the trade have been heavier this fall than last. But packers' stocks generally are up somewhat: Canned items because of increased packs and frozen concentrate because of heavier carryover.

Shipping-point prices for apples generally have averaged somewhat lower this fall than a year earlier, mainly because of larger supplies. The principal exception was Washington, where prices for some varieties and types of packs frequently averaged higher because of slightly lighter production. In early December, prices in Washington were not greatly different from a year earlier; those in other States generally were moderately lower. However, prices in more recent weeks tended to increase. Favorable factors for apples this winter include a stronger export market and increased supplies in controlled atmosphere storage, which tends to hold such apples in good condition for marketing later in the season.

Auction market prices for Bosc pears during November and early December tended to average a little lower than in this period of 1960, when the volume of sales was smaller. Auction prices for the D'Anjou variety, of which the volume of sales generally was smaller this fall than comparable volume last year, tended to average higher. But Washington shipping point prices for this variety in early December averaged a little below year-earlier levels. In early December, principal auction prices for grapes and New York City wholesale prices for cranberries averaged above a year earlier.

Vegetables

Fresh Market--Indications point to somewhat less vegetables this winter than last. Early December estimates for 9 crops, which make up more than half the winter tonnage, indicate 8 percent less production than last year but about the same as the 1951-60 average. The decrease in output compared with a year earlier is due largely to a sharp cutback in winter celery and a moderate reduction in lettuce. But smaller production also is in prospect for artichokes, cauliflower and kale. Prospective output is larger for beets, broccoli, shallots and spinach. While production estimates are not yet available, indicated acreage of cabbage is down 6 percent from last year and escarole down 8 percent. Acreage of winter carrots is up 14 percent.

Processed--Supplies of canned vegetables appear to be a little larger than a year ago, and materially above the recent 10-year average. Remaining supplies of green peas are moderately to substantially smaller than a year ago. But supplies of sweet corn and sauerkraut are materially above those of a year earlier. Snap beans, cucumbers for pickles, and lima beans are also in larger supply. Some tomato items are in heavier supply, but combined supplies of canned tomatoes, tomato juice, and tomato products probably are close to those of a year ago.

Overall supplies of frozen vegetables are record large. Supplies of green peas, although substantially larger than a year earlier are still at moderate levels. But all other major frozen vegetables, including frozen potato products, are in heavy supply.

Trade reports indicate generally good movement of processed vegetables in the early part of the season. Demand is expected to continue strong in the months ahead, with generally stable to firm prices for most major items.

Potatoes and Sweetpotatoes

Materially more potatoes will be available this winter than last. The December production estimate of fall crop potatoes at 201 million hundredweight was 15 percent larger than last year. A potato diversion program, operated by the U.S. Department of Agriculture at request of the industry, through December 15 had moved 9.8 million hundredweight of potatoes into starch, flour and livestock feed. But remaining supplies still are substantially larger than those of a year ago. Most of the increase in production in 1960 occurred in the 9 Western States, where output was up a fourth. But supplies are fairly heavy

in all areas, and prices both to growers and at retail are relatively low. Production of potatoes for winter harvest is materially smaller than a year ago with declines in both Florida and California. However, winter production furnishes only a small part of winter requirements, with the bulk of potatoes coming from storage supplies of the fall crop.

Indications are that supplies of sweetpotatoes in Eastern and Central markets this winter will be smaller than those of a year earlier. Combined production in New Jersey, Virginia, North Carolina, Louisiana and Texas which furnish the bulk of winter and spring supplies to these markets was down moderately from last year. On the other hand, production in California, most of which is marketed in the West, was substantially larger this year than last. Prices received by farmers for sweetpotatoes in November averaged \$4.19 per hundredweight compared with \$4.01 a year earlier.

Dry Beans and Peas

Total supplies of dry edible beans are moderately larger than a year ago. Production of beans by classes indicates that supplies of both white and colored classes are larger than a year ago. Among the important white classes, supplies of great northern are about the same as a year ago and small whites are well below those of last season. But production in Michigan, the bulk of which is pea beans, was the largest of record and supply of this important class is very large. Among the important colored classes of beans, small reds are in very light supply compared with a year ago and with normal requirements. Growers of small reds apparently cut acreage sharply because of continued loss of the large Cuban market. Red kidney bean supplies are moderately larger than last year. Production of pinto beans is record high, and growers in some areas report serious quality problems. Through December 14, the Department had contracted for delivery of 308 thousand bags of beans for use in the school lunch and needy persons donations programs. Average support levels for 1961-crop dry beans are substantially higher than those for the 1960 crop. Prices to growers for 1961-crop beans are likely to average close to those of last season.

Supplies of dry peas are a little smaller than those of last year. After allowing for domestic use of around 2 million bags of peas, the quantity available for export is likely to be moderately smaller than last season.

Cotton

The carryover of cotton on August 1, 1962, is expected to be about 7.4 million bales, approximately 0.2 million bales larger than a year earlier. The anticipated increase is a result of a smaller disappearance than last year-- a decline in cotton exports will more than offset an increase in mill consumption.

Cotton production in the 1961-62 marketing year was estimated at about 14.3 million running bales, as of December 1, about 100,000 bales larger than a year earlier. The 1961 crop was produced on larger acreage and with a slightly lower yield than for the 1960 crop.

The national acreage allotment for upland cotton for 1962 has been set at 18.1 million acres compared with 18.5 million in 1961. The acreage allotment for extra-long staple cotton in 1962 is 100,293 acres, approximately 37,000 acres larger than 1961. The distribution of the upland allotment by regions shows that the proportions allotted in each of the four geographic areas was not greatly different from those under the 1961 allotment. The proportions in the West and the Southeast increased slightly. The proportion in the Delta declined and the Southwest was the same.

Consumption of cotton by mills in the United States in 1961-62 is estimated at about 8.8 million bales, approximately 500,000 bales larger than consumption during the same period a year earlier. A higher level of economic activity for the country as a whole and relatively low stocks in relation to unfilled orders for cotton broadwoven goods has stimulated cotton consumption. Higher fabric values in the past few months and smaller imports of cotton textiles in the first 9 months of calendar 1961 than in the first 9 months of 1960 also are encouraging higher levels of mill activity.

Exports of cotton from the United States during the current season are expected to be about 5.5 million bales compared with 6,634,000 in 1960-61. Declines are occurring because foreign free world stocks are being reduced in 1961-62, whereas stocks were built up during the 1960-61 season. Production of cotton in the foreign free world is expected to be a little smaller in 1961-62 than a year earlier and consumption of cotton probably will be slightly below that of 1961-62. Despite the expected decline in production, cotton acreage abroad increased in 1961 over 1960. The production decline is being caused by lower yields in several countries. Government financing of U. S. exports--in value and volume--is expected to be smaller during the current season than last season. Prices of most growths of cotton in world import markets increased over the past several months, although larger crop offerings from Central and South America and the Middle East weakened prices of these growths. The price strength in world markets of recent months may encourage some further increase in acreage in the foreign free world in 1962.

The average 14 spot market price for Middling 1-inch cotton was 33.59 cents per pound for November, the same as a month earlier. This halted the steady increase in prices which began in January 1960. The steady rise in the average price received by farmers was also halted in November. The average price received by farmers for upland cotton in mid-November was about 33.11 cents per pound, compared with 33.89 cents per pound a month earlier, but well above a year earlier when it was 30.06 cents per pound.

Tobacco

Burley auction markets opened November 27 and by mid-December the volume marketed (including resales) was 441 million pounds--averaging 67 cents per pound. This was $1\frac{1}{2}$ cents, or 2 percent, higher than the average of the comparable period of last season. The 1961 crop price support level is 57.2 cents per pound. Thus far receipts under Government loan have been less than 1 percent of gross sales. The burley crop is estimated to be 13 percent larger than in 1960 and the largest crop since 1954. The increase in production about offsets the decline in carryover so that total supply for 1961-62 is practically the same as for 1960-61.

The Virginia fire-cured auction market opened November 28 and through mid-December, prices averaged 40.2 cents per pound, slightly less than in the comparable period last season. The 1961 crop is nearly 14 percent larger than last year and the largest in 5 years; carryover is smaller than a year ago and total 1961-62 supply is virtually even with 1960-61.

The marketing of the dark air-cured types 35 (One Sucker) and 36 (Green River) began December 11 and 12, respectively. Prices for early season sales of type 35 average 37.6 cents per pound, and of type 36, 35.2 cents per pound. Prices of type 35 averaged slightly higher and prices of type 36 slightly lower than in the comparable period of last season. The 1961 production of dark air-cured tobacco is 12 percent above 1960. However, carryover declined to a 16 year low and total 1961-62 supply is about 2 percent less than for 1960-61.

The Virginia sun-cured auction market opened December 5. Through mid-December prices average 40.3 cents per pound--about 1 cent higher than a year earlier. The 1961 crop is larger than last year's small crop and total 1961-62 supply is up 4 percent.

Marketing of the 1961 flue-cured crop is completed. The season average price at close to 64 cents per pound exceeded the 1960 average by 6 percent and was the highest on record. About $5\frac{1}{2}$ percent of the crop was placed under Government loan compared with 4 percent in 1960.

The 1962 national flue-cured allotment has been set at practically the same level as for the past 5 years. On December 12, growers of flue-cured tobacco voted 98 percent in favor of marketing quotas on their next three crops. Marketing quotas have been in effect on every flue-cured crop since 1940.

The 1962 marketing quotas and acreage allotments for other kinds of tobacco will be announced by February 1.

Cigarette output and consumption set new record highs in 1961 for the fifth consecutive year. Consumption of cigars (including cigarillos) probably topped every year since 1923. Output of smoking tobacco gained a little over last year; output of chewing tobacco held about even but production of snuff declined. Exports of unmanufactured tobacco, which usually account for 25 to 30 percent of the annual disappearance of tobacco, are indicated to have been fairly near the 1960 total and also the recent five-year average.

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